

**Chapter 5.32****NATURAL RESOURCES PRODUCTION**

(1652-9/71, 1653-12/71, 1759-8/72, 1924-7/74, 2097-9/76, 2298-6/78, 2302-9/78, 2321-10/78)

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**5.32.010 License--Required.** It is unlawful for any person to conduct, manage, carry on or engage in the business or activity of producing crude oil, gas, petroleum or other hydrocarbon substances or products from any well or wells located in the city without first obtaining a license therefor from the city. (1652-9/71)

**5.32.020 License--Terms.** The term of such license shall be one (1) year, commencing on July 1 of each year beginning with July 1, 1978.

At the end of the term of any license issued or renewed hereunder, such license shall be of no further force or effect unless renewed as hereinafter provided. (1652-9/71, 1924-7/74, 2298-6/78)

**5.32.030 License--Fees.** Every person required by this chapter to have a license shall pay to the city of Huntington Beach the fees hereinafter provided, in the manner hereinafter provided:

- (a) Prior to the issuance or renewal of such license, a base annual fee of one hundred dollars (\$100) per well, which shall apply to each well producing oil or gas, or both.
- (b) For the period commencing July 1, 1978, and for each succeeding fiscal year, and in addition to the base annual fee, an amount equalling the following:
  - (1) Ten cents (\$.10) per barrel of oil produced and sold per well per quarter, except for stripper well crude oil.
  - (2) Eight cents (\$.08) per barrel of stripper well crude oil, as defined and used in the Emergency Petroleum Allocation Act of 1975 as amended and recodified (15 U.S.C.A. §757) and regulations promulgated thereunder, produced and sold per well per quarter, less a credit of twenty-five dollars (\$25) per well per quarter. No carry-over of credit shall be permitted.
  - (3) One cent (\$.01) per thousand cubic feet (MCF) of dry or wet gas, produced and sold for delivery outside the Huntington Beach oil and gas field.

Further, in lieu of the alternative tax of 2 percent of the gross market price provided in Ordinance No. 2298, the taxes imposed by this subsection shall be increased or decreased annually as of

July 1 of each year, commencing July 1, 1979, in an amount equal to the increase or decrease from the base index in the then latest available consumer price index, as prepared and released by the United States Department of Labor, Bureau of Statistics for the Los Angeles-Long Beach area. The last index published for the month of June, 1978 shall be deemed to be the base index for the purposes of this subsection. (1652-9/71, 1759-8/72, 1924-7/74, 2298-6/78, 2321-10/78)

**5.32.040 Base annual fee--Due when.** The base annual fee shall be due and payable on or before July 1 of each fiscal year. Such base annual fee shall be delinquent on the day following such due date; provided, however, that for the period beginning July 1, 1978, every person required by this chapter to pay such base annual fee shall be granted a grace period in which to meet the requirements imposed by this chapter, and no penalty shall be exacted therefor for the period up to and including October 31, 1978. (1652-9/71, 1759-8/72, 1924-7/74, 2298-6/78, 2302-9/78, 2321-10/78)

**5.32.050 Quarterly payments--When due.** Payment for the quarter consisting of October, November and December shall be due and payable on January 1; payment for the quarter consisting of January, February and March shall be due and payable on April 1; payment for the quarter consisting of April, May and June shall be due and payable on July 1; and payment for the quarter consisting of July, August and September shall be due and payable on October 1. (1652-9/71)

**5.32.060 Quarterly payments--When delinquent.** All payments for all quarters, as required by this chapter, shall be delinquent on the day following the due date for any such quarterly payment; provided, however, that the quarterly payment due October 1, 1978 shall not be delinquent until October 31, 1978. (1652-9/71, 2097-9/76, 2321-10/78)

**5.32.070 Definitions.** For the purpose of determining the license fee:

- (a) A "well" is located within the city if the surface location of the well, the surface of the well itself, or if any portion of the well is located within the city, irrespective of the subsurface location of the well, the production interval thereof, or where the hole of the well may be bottomed.
- (b) A "barrel of oil" consists of forty-two U. S. gallons of crude petroleum of hydrocarbon substances corrected for temperature variations in accordance with methods generally approved in the petroleum industry.
- (c) "Petroleum or hydrocarbon substances" means crude oil remaining after the removal therefrom of water or other impurities by preliminary processing in the vicinity of the well site, preparatory to the shipment thereof.
- (d) If oil produced from two or more wells shall be commingled without the production of the respective wells being separately measured, each well whose production has been commingled shall be considered as having produced an equal part of the total. (1652-9/71)

**5.32.080 License--Renewal.** Any license issued under this chapter shall be renewed annually provided all delinquencies are paid in full and the annual base fee for the renewal term is paid in full prior to such renewal. (1652-9/71)

**5.32.090 License--Suspension.** The license required under this chapter shall be automatically suspended on any one or more of the following grounds:

- (a) Fees required by this chapter have not been paid and are delinquent;

- (b) Production statements have not been filed with the city when and as required by section 5.32.110;
- (c) Failure to comply with section 5.32.120.

Any suspension of license shall be removed upon compliance with all provisions of this chapter. (1652-9/71)

**5.32.100 License--Suspension not bar to prosecution.** The suspension of any license, as herein provided, shall not be a bar to prosecution of the holder thereof for a violation of any provision of this chapter or of any law or ordinance of the state or city. (1652-9/71)

**5.32.110 Production statement required.** Every person required to have a license under this contract shall on or before the thirtieth day of January, April, July, and October file with the City Clerk a statement setting forth such information as the City Clerk shall require, including:

- (a) The name or other identification of all oil and gas wells located in the city operated by him during any quarter;
- (b) The number of barrels of oil produced from each of said wells during such quarter; and
- (c) The amount of wet or dry gas measured in thousands of cubic feet (MCF) produced for delivery outside the Huntington Beach oil and gas field, from each of said wells during such quarter; and
- (d) The computation of the amount of fee with respect to such production due the city. The statement shall be signed by the person required to have the license, or by a managing officer or agent thereof, and shall include a declaration substantially worded as follows:

"I declare under penalty of perjury that I am authorized to make this statement, and that to the best of my knowledge and belief it is a true, correct and complete statement made in good faith for the period stated, in compliance with the provisions of the Huntington Beach Municipal Code. Executed at \_\_\_\_\_, California on \_\_\_\_\_. " Such statement shall not be conclusive against the city, nor shall it be conclusive as to the information set forth therein, nor shall the filing of such statement preclude the city from collecting by appropriate action any additional fee that is later determined to be due and payable.

(1652-9/71, 1759-8/72, 2321-10/78)

**5.32.120 Records required.** Every person required to have a license under this chapter shall keep full, true and accurate records as to the amount of oil or gas produced by him from wells located within the city, and shall upon demand of the City Clerk, or his representative, make said records, together with any shipping documents or sales invoices pertaining to such oil and gas available for the inspection of the City Clerk, or his representative, at all reasonable times.

(1653-12/71)

**5.32.130 Exception.** Those businesses and activities for which a fee is required under this chapter shall be exempt from any other fee required by this title. (1653-12/71)

**5.32.140 Penalty for delinquency.** If any fee herein required to be paid to the city is not paid before it becomes one month delinquent, as provided in this chapter, a penalty in an amount equal to 10 percent of such fee shall be added thereto, and an additional penalty in an amount equal to 10 percent of such fee for each one month period during which such fee continues or remains delinquent shall be assessed. Such penalties shall be and become a part of such fee and shall be enforced and collected as part of such fee; provided, however, that the aggregate of such penalties shall not exceed 100 percent of the amount of the delinquent license fee. (1652-9/71, 1759-8/72)

10/78

\* See also Title 15, OIL